STATE OF NORTH DAKOTA

BISMARCK, NORTH DAKOTA

REPORT OF EXAMINATION

OF

GRIGGS NELSON MUTUAL INSURANCE COMPANY

MCVILLE, NORTH DAKOTA

AS OF DECEMBER 31, 2004

STATE OF NORTH DAKOTA

DEPARTMENT OF INSURANCE

I, the undersigned, Commissioner of Insurance of the State of North Dakota do hereby certify that I have compared the annexed copy of the Report of Examination of the

Griggs Nelson Mutual Insurance Company

McVille, North Dakota

as of December 31, 2004, with the original on file in this Department and that the same is a correct transcript therefrom and of the whole of said original.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal at my office in the City of Bismarck, this _____ day of _______________, 2005.

____
Jim Poolman
Commissioner of Insurance

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McVille, North Dakota
March 2, 2005

Honorable Jim Poolman
Commissioner of Insurance
North Dakota Department of Insurance
600 East Boulevard
Bismarck, ND 58505-0320

Dear Sir:

Pursuant to your instructions and in accordance with the North Dakota Insurance Code an examination was made of the books, records, and financial condition of

Griggs Nelson Mutual Insurance Company

McVille, North Dakota

as of December 31, 2004.

INTRODUCTION

Griggs Nelson Mutual Insurance Company, McVille, North Dakota, hereinafter referred to as the "Company," was last examined as of December 31, 1998, by representatives of the State of North Dakota.

SCOPE OF EXAMINATION

The current examination covers the period January 1, 1999, through December 31, 2004, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination.

This examination was made in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners with due regard to the statutory requirements of the insurance laws, rules, and regulations of the State of North Dakota.

Examination procedures included a verification and evaluation of assets, a determination of liabilities, and reviews of corporate records, claim files, and other records relating to Company operational practices.

The Company was in compliance with all of the recommendations made in the December 31, 1998, examination report except for the recommendation that the Company add the entire contract clause to the reinsurance agreement with Grinnell Mutual Reinsurance Company.

HISTORY

The Company was incorporated on June 1, 1998, as a successor to Griggs County Mutual Insurance Company, Cooperstown, North Dakota, and Nelson County Mutual Insurance Company, McVille, North Dakota.   Those entities consolidated effective June 1, 1998.

Griggs County Mutual Insurance Company was incorporated June 10, 1916, and commenced business on May 15, 1917, at Cooperstown, North Dakota, under the name of “Griggs County Farmers Mutual Fire and Lightning Insurance Company”. In 1968, its name was changed to “Griggs County Mutual Insurance Company”.

Nelson County Mutual Insurance company was incorporated under the laws of the State of North Dakota on March 10, 1900, and commenced business January 1, 1905, as “The Farmers Mutual Fire and Lightning Insurance Company of Nelson County,” with its home office and principal place of business at McVille, North Dakota. In 1967, its name was changed to “Nelson County Mutual Insurance Company.”

The Company was organized pursuant to the provisions of N.D. Cent. Code Chapter 26.1-13 to insure against all of the risks and to possess all of the powers and to be subject to all of the liabilities and duties of a county mutual insurance company as now provided in N.D. Cent. Code Chapter 26.1-13, as the same may be from time to time amended.

The Company’s term of existence is perpetual as provided in N.D. Cent. Code § 26.1-13-03.

MANAGEMENT AND CONTROL

The membership of the Company is limited to those persons or organizations having insurance in force. Membership and insurance may be obtained only by written application signed by the applicant and shall commence only when approved by the secretary or authorized representative.

Directors

The Bylaws provide that the corporate powers of the Company shall be vested in a Board of Directors composed of not less than 5 and not more than 14 members elected by a majority vote at the annual meeting of the membership for terms of three years. A majority of the entire Board of Directors constitutes a quorum for the transaction of business.

Directors duly elected and serving the Company at December 31, 2004, were as follows:

Name and Residence	Term Expires
Clifford Anderson Cooperstown, ND	2006
Dwight Haas Tolna, ND	2006
Lanny Klefstad Pekin, ND	2007
Burton Sateren Lakota, ND	2005
Lowell Skjolden Aneta, ND	2007
Richard Trostad Aneta, ND	2005
Harlan Urness Cooperstown, ND	2006
David Saxberg Coopersown, ND	2005

Officers

Officers are elected at the organizational meeting of the Board of Directors by a majority vote for a period of one year. Officers serving at December 31, 2004, were as follows:

Name	Office
Lanny Klefstad	President
Harlan Urness	Vice President
Audrey Reinhart	Secretary-Treasurer

CORPORATE RECORDS

The minutes of the meetings held by the membership and directors during the years under examination were reviewed for compliance with the Articles of Incorporation, Bylaws, and statutory requirements.

The following is a summary of the amendments adopted by the policyholders during the period under examination

Articles of Incorporation

- June 9, 2000: Article IV was amended to include Wells, Cavalier, Towner and Pembina to the counties in which the Company is authorized to transact business.

- June 6, 2003: Article IV was amended to include Kidder, Emmons, Logan, McIntosh, LaMoure, Dickey, Ranson, Sargeant, Richland, Sheridan, Pierce, Rollette and McHenry to the counties in which the Company is authorized to transact business.

Members

During the period under examination the annual meetings of the policyholders were held on the following dates: June 11, 1999; June 9, 2000; June 14, 2001; June 14, 2002; June 3, 2003; and June 3, 2004.

Directors

During the period under examination, the Board of Directors held eight meetings in 1999, and six meetings in 2000, 2001, 2002, 2003, and 2004.

FIDELITY BOND AND OTHER INSURANCE

At December 31, 2004, there was in force a policyholder's protection plus bond insuring against loss sustained by the Company as a result of dishonest or fraudulent acts committed by an employee. The bond provides for a $100,000 single loss limit of liability for loss caused by any employee. The coverage meets the minimum amount of fidelity insurance recommended in the NAIC's *Financial Examiners Handbook*.

Other insurance in force at December 31, 2004, consisted of a businessowners policy covering the Company's office building in Cooperstown and contents coverage at the Cooperstown and McVille offices. A directors and officers liability policy was also in force.

TERRITORY AND PLAN OF OPERATION

At December 31, 2004, the Company had 49 licensed agents and was authorized to transact business in the following counties:

Barnes	Benson	Cass	Cavalier
Dickey	Eddy	Emmons	Foster
Grand Forks	Griggs	Kidder	LaMoure
Logan	McHenry	McIntosh,	Nelson
Pembina	Pierce	Ramsey	Ranson
Richland	Rollette	Sargeant	Sheridan
Steele	Stutsman	Towner	Traill
Walsh	Wells		

SIGNIFICANT OPERATING RESULTS

Growth

The following exhibit reflects the growth of the Company over a seven-year period. Data with respect to the years 1999 through 2003 is as compiled from home office copies of the filed Annual Statements. Data for the years 1998 and 2004 reflects the results of examination. The operational results are presented on a cash basis.

Year	Admitted Assets	Total Liabilities	Surplus as Regards Policyholders	Net Premiums Written	Underwriting Deductions	Investment and Other Income	Net Income (Loss)
1998	$583,089	$225,036	$358,053	$249,927	$211,643	$36,061	$74,345
1999	506,806	199,499	307,307	241,654	379,207	51,160	(86,393)
2000	490,052	209,320	280,732	246,245	329,015	43,497	(39,273)
2001	530,996	225,707	305,289	248,060	231,052	50,444	67,452
2002	620,485	249,339	371,146	296,905	252,732	50,445	94,618
2003	767,756	289,125	478,631	340,332	272,603	54,481	122,210
2004	836,911	296,800	540,111	393,398	278,791	39,779	154,386

Operating Ratios

The underwriting ratios presented below are on a cash basis and encompass the six-year period ending December 31, 2004:

	2004	2003	2002	2001	2001	1999
Premiums	100%	100%	100%	100%	100%	100%
Deductions:						
Losses and Loss Adjustment	30.7	29.9	37.9	44.1	81.0	106.7
Underwriting Expenses	40.2	50.2	47.2	49.0	52.6	50.3
Total Deductions	70.9	80.1	85.1	93.1	133.6	157.0
Net Underwriting Gain (Loss)	29.1	19.9	14.9	6.9	(33.6)	(57.0)

MARKET CONDUCT ACTIVITY

Treatment of Policyholders

Claims — From an examination of claim files, the Company appears to pay claims fairly within policy provisions upon receipt of satisfactory proof of loss or damage.

Advertising — The Company's advertising consists primarily of give-away items and directory advertising along with radio and newspaper advertising.

INSURANCE ADJUSTMENT SERVICES, INC.

In March 2004 the Company and four other North Dakota domestic county mutual insurance companies entered into a contract with Universal Insurance Services, Inc. (Universal) for the purpose of obtaining claims adjusting and risk review services on an extended basis from Universal. The contract provides for Universal to perform a maximum of 450 claim adjustments or risk reviews per year. Claims adjusted by Universal above that number will be billed to the incurring entity at the rate of $30 per hour plus mileage and per diem.

For services provided, Universal shall receive the annual sum of $60,000 to be paid in monthly installments of $5,000 each. (For year 2004, the sum was prorated to $45,000.) In addition to the $60,000 annual compensation, Universal shall receive additional payments of $3,750 in 2004 and $5,000 in each of the years 2005 and 2006.

The agreement terminates on December 31, 2006, or earlier if Universal fails to perform its contractual obligations. The contract shall continue and be binding upon any one or more of the five insurance companies signing this contract if they participate in a merger or consolidation.

For 2004, the Company's share of the $5,000 monthly charge was determined to be $902.50 per month. The total amount paid by the Company in 2004 for services provided by Universal under the contract was $8,799.38.

OPERATIONS REVIEW

In October 2000, representatives of Grinnell Mutual Reinsurance Company (Grinnell) performed an operations review covering the following areas:

- Claims
- Underwriting
- Loss control

As a result of that review, the Company developed various manuals recommended by Grinnell and implemented other procedures suggested by Grinnell.

Grinnell performed another operations review in September 2003 covering the same operational areas.

REINSURANCE

The reinsurance treaty in force at December 31, 2004, is summarized below.

Nonaffiliated Ceding Contract:

Type:	Excess
Reinsurer:	Grinnell Mutual Reinsurance Company

Scope:	All policy forms and endorsements issued by the Company:		
	(A)	Individual Occurrence of Loss Excess - covers all risks written by the Company in excess of $50,000 retention subject to the following limits:	
		Dwellings	$500,000
		Farm Outbuildings	750,000
		Livestock/Poultry/Horse Operations	500,000
		Commercial and Public Property	500,000
	(B)	Aggregate Excess - provides coverage for 100 percent of the Company's aggregate net loss in excess of a defined retention limit. The retention limit for 2004 was $296,021.	
Premium:	(A)	Individual Occurrence of Loss Excess - The 2004 annual premium and monthly premium per $1,000 of adjusted gross fire risks in force was $.3610 and $.0301 respectively.	
	(B)	Aggregate Excess - The 2004 annual and monthly premium rate per $1,000 of gross fire risks in force was $.5325 and $0.0444 respectively.	
Commissions:	None		
Termination Date:	The agreement may be terminated only as of the last day of any calendar year by either party upon 90 days notice in writing.		

The contract contained the insolvency clause required by N.D. Cent. Code § 26.1-02-21 and all of the clauses required by the NAIC's *Accounting Practices and Procedures Manual* except for the "entire contract" clause. **It is recommended that the Company amend the reinsurance agreement with Grinnell Mutual Reinsurance Company to include an "entire contract" clause.**

ACCOUNTS AND RECORDS

The Company's accounting procedures, internal controls, and transactions cycles were reviewed during the course of the examination and a trial balance as of December 31, 2004, was obtained and traced to the appropriate schedules of the Company's 2004 Annual Statement. Revenues and expenses were test checked to the extent deemed necessary.

The Company uses the Mutual Automation Package (Mapplus) software program for policy processing and billing. The cash receipts journal, claims register and other miscellaneous accounting records are maintained in Excel spreadsheets. Cash disbursements and general journal entries are maintained on a Medlin Accounting general ledger module. The Medlin program generates a bank reconciliation and various reports including a trial balance, income statement and balance sheet.

FINANCIAL STATEMENTS

The following statements reflect the financial condition of the Company as of December 31, 2004, as determined by this examination and its operating results for the year then ended.

Griggs Nelson Mutual Insurance Company
Statement of Assets, Liabilities, and Surplus
December 31, 2004

ASSETS			
LEDGER ASSETS:			
Bonds	$ 62,899.21		
Stocks	191,282.80		
Real Estate	9,102.79		
Checking Accounts	58,826.38		
Cash on Deposit	570,197.53		
TOTAL LEDGER ASSETS		$892,308.71	
NONLEDGER ASSETS:			
Interest Due and Accrued on Bonds	$ 325.00		
Interest Due and Accrued on Cash on Deposit	6,129.54		
Furniture, Fixtures and Automobiles	2,452.47		
Federal Income Tax Recoverable	7,500.00		
Market Value of Stocks over Book Value	14,930.61		
TOTAL NONLEDGER ASSETS		31,337.62	
DEDUCT: ASSETS NOT ADMITTED			
Furniture, Fixtures and Automobiles	$ 2,452.47		
Non-Admitted Stocks	84,282.49		
TOTAL NONADMITTED ASSETS		86,734.96	
TOTAL NET ADMITTED ASSETS			$836,911.37
LIABILITIES			
Unpaid Losses	$ 15,500.00		
Unpaid Loss Adjustment Expenses	160.85		
Unearned Premium Reserve	265,287.67		
Unpaid Taxes	3,746.00		
Unpaid General Expenses	132.46		
Reinsurance Premiums Due and Payable	8,649.57		
Liability Premiums Payable to Grinnell	3,324.22		
TOTAL LIABILITIES		$296,800.77	
SURPLUS TO POLICYHOLDERS		540,110.60	
TOTAL LIABILITIES AND SURPLUS			$836,911.37

Griggs Nelson Mutual Insurance Company
Statement of Cash Receipts and Cash Disbursements
For the Year 2004

INCOME:			
Gross Premium Income	$497,426.32		
Less: Return Premiums	4,189.17		
Premiums for Reinsurance Ceded	99,838.63		
NET PREMIUM INCOME		$393,398.52	
Interest on Bonds		4,558.77	
Dividends on Stocks		5,598.49	
Gross Rent from Company's Property		2,400.00	
Interest on Cash on Deposit		16,315.81	
Commissions and Fees Received on Liability Business		10,761.46	
Miscellaneous Income		144.40	
TOTAL INCOME RECEIPTS			$433,177.45
DISBURSEMENTS:			
Gross Losses Paid and Incurred in 2004	$ 106,640.85		
Gross Losses Paid in 2004 But Incurred in Prior Years	16,252.04		
Deduct: Salvage	2,100.00		
NET LOSSES PAID		$120,792.89	
Claim Adjustment Expenses		5,705.54	
Commissions Paid to Agents		68,355.81	
Directors Fees and Expenses		3,196.80	
Salaries to Employees		40,957.66	
Printing, Stationary, and Office Supplies		1,357.94	
Rent and Rent Items		3,600.00	
Real Estate Expenses		2,290.42	
Taxes on Real Estate		506.66	
State and Local Insurance Taxes		7,846.00	
Insurance Department Licenses and Fees		590.00	
Payroll Taxes		3,353.91	
Federal Income Taxes		(9,969.34)	
Legal Fees and Auditing		499.59	
Travel and Travel Items		450.90	
Advertising		1,588.38	
Dues and Donations		1,855.00	
Equipment Purchased		2,101.78	
Insurance and Bonds		3,575.59	
Postage, Telephone, and Bank Charges		3,965.18	
Employee Relations and Welfare		158.17	
Data Processing Expenses		1,425.00	
Miscellaneous Expenses		3,405.88	
Risk Reviews		11,181.46	
TOTAL FUNDS DISBURSED			278,791.22

Net Gain	$154,386.23

COMMENTS TO THE FINANCIAL STATEMENTS

Assets

Bonds

At December 31, 2004, bonds consisted of three bonds with an actual cost, book and par value of $62,899.21. All of the bonds were determined to be investment grade and were properly valued by the Company at book value.

The following reporting differences with regard to bonds were noted:

1. Page 3 - Accrued interest on bonds: The Company did not compute accrued interest on bonds and as a result understated non-ledger assets by $325.00.

2. Page 4 - Par Value of Bonds: The Company did not report par value of bonds in column 4 of Section VII, Part 1.

3. Page 4 - NAIC Designation column: The Company did not report the SVO designation for bonds owned in the NAIC designation column (Column 13).

It is recommended that the Company complete the par value and NAIC designation column in subsequent annual statements as required by the *Instruction Manual for N.D. County Mutual Insurance Companies.* It is also recommended that the Company compute accrued interest on bonds and include that amount in its annual statement as a non-ledger asset.

Stocks

The following schedule reflects the book, market and admitted value of stocks owned at December 31, 2004:

Description	Book Value	Market Value	Non-Admitted Value	Admitted Value
Edward Jones Money Market Acct.	$ 638.96	$ 638.96	$ 0	$ 638.96
Namic Common Stock	3,000.00	9,957.60	0	9,957.60
Income Fund of America	104,278.60	111,095.65	27,398.81	83,696.84
Washington Mutual Investors Fund	83,365.24	84,521.20	56,883.67	27,637.53
Totals	$191,282.80	$206,213.41	$84,282.48	$121,930.93

Book values were verified to the accounting records and statements from brokers. Market values were determined using unit prices listed in the *Securities Valuation Manual* or the year end *Wall Street Journal*. Non-admitted and admitted values were determined by applying statutory provisions to the Company's common stock portfolio.

N.D. Cent. Code § 26.1-05-19(21)(a) restricts investments in preferred, guaranteed, and common stocks (includes mutual funds) issued or guaranteed by a single person to an amount not in excess of 3% of the insurance company's admitted assets. At December 31, 2004, the market value of shares in both Income Fund of America and Washington Mutual Investors Fund exceeded the 3% of admitted asset limitation.

Additional investment authority for investments exceeding statutory limitations is found in N.D. Cent. Code § 26.1-05-19(33), commonly known as the basket clause. It provides additional investment authority allowing insurers to invest funds in investments not specifically authorized elsewhere to an amount that does not exceed either 7% of the company's admitted assets, or the amount equal to the company's capital and surplus in excess of the minimum capital and surplus required by law, whichever is less.

The Examiners determined the admitted value of Income Fund of America to be $83,696.84 or $27,398.81 less than the $111,095.65 value reported by the Company in its 2004 Annual Statement. The admitted value was determined in accordance with N.D. Cent. Code §§ 26.1-05-19(21)(a) and 26.1-05-19(33).

The Examiners determined the admitted value of Washington Mutual Investors Fund to be $27,637.53 or $56,883.67 less than the $84,521.20 value reported by the Company in its 2004 Annual Statement. The admitted value was determined in accordance with N.D. Cent. Code § 26.1-05-19(21)(a).

It is recommended that the Company develop a plan to bring its investments into compliance with the 3% limitation for a single issue of common stock.

Real Estate

The Company's investment in real estate consisted of an office building located in Cooperstown, North Dakota. The book value and admitted value was $9,102.79 which represented 1.1% of admitted assets at December 31, 2004.

The building is a one story brick faced structure size 24 feet by 35 feet. The original cost of the property as of December 31, 2004, was $27,542.47, consisting of $1,200 cost of land and $26,342.47 cost of construction, additions, and permanent improvements. The cost of $27,542.47, less accumulated depreciation of $18,439.68 equals the book value of $9,102.79.

Depreciation on the building is taken at the rate of 2.5 percent per annum.

The Company occupied approximately 50% of the building at December 31, 2004, and charged itself $1,200 rent for occupancy of the buildings' 840 square feet.

Checking Accounts

The Company's operating account had a balance of $58,826.38 at December 31, 2004. The year end bank balance in the operating account was verified by a confirmation received from the depository.

Cash on Deposit

Cash on deposit consisted of 16 interest bearing certificates of deposit, a business interest account and a money market account. The deposits were held by six area banks. The aggregate balance of the certificates of deposit at December 31, 2004, was $480,000; the money market and business interest accounts had an aggregate balance of $90,197.53. The Examiner verified the year end balances by confirmation received from the depositories.

In its 2004 Annual Statement, the Company reported the $90,197.53 aggregate balance in the money market account and business interest accounts on line 7 of page 3 as a write-in item. **It is recommended that the Company report funds in the money market savings account and business interest account as "Cash on Deposit" on line 6 of page 3 rather than as write-in items.**

Liabilities

Unpaid Losses

The reserve for unpaid losses at December 31, 2004, was determined by this examination to be in the amount of $15,500 or $1,500 more than the reserve established by the Company. The Examiner established the reserve for unpaid losses based on a review of subsequent payments and current reserves for claims incurred in 2004 but still unpaid.

Unpaid Loss Adjustment Expenses

The Examiner agreed unpaid loss adjustment expenses at December 31, 2004, to statements and invoices for expenses incurred in 2004 for adjusting losses.

Unearned Premium Reserve

The Company computes its unearned reserve using the semi-monthly pro-rata method. A review of the Company's computations indicated that the Company's reserve was properly computed at December 31, 2004.

Unpaid Taxes

This liability consisted of unpaid premium taxes at December 31, 2004, and was verified to year end tax statements. The Examiner notes that the Company properly included policy and billing fees as taxable premiums on its premium tax statement but that it incorrectly reported those amounts as write-in income items in Section II of page 2 of its annual statement. **It is recommended that the Company report policy and billing fees as Gross Premium Written on line 1 of page 2 rather than as write-in income items.**

Unpaid General Expenses

This liability represents general expenses incurred but unpaid as of year end. The liability determined by the Examiner was $132.46 or $132.46 more than that reported by the Company. It is noted that the Company reported the accrual for unpaid general expenses as a write-in item on line 41 of page 3. **It is recommended that the Company report unpaid general**

expenses on line 37 of page 3 rather reporting those unpaid expenses as a write-in liability.

Reinsurance Premiums Due and Payable

Reinsurance premiums due and payable consist of a payable to Grinnell Mutual Reinsurance Company for reinsurance premiums due for the month of December 2004.

Liability Premiums Payable to Grinnell Mutual

This liability represents the balance due Grinnell Mutual Reinsurance Company for net liability premiums collected from Company policyholders for liability business written direct by Grinnell Mutual.

Surplus to Policyholders

Surplus to policyholders was determined by this examination to be in the amount of $540,110.60 or $85,892.49 less than the amount reported by the Company in its 2004 Annual Statement.

Adjustments affecting the surplus account are reflected in the following exhibit:

Caption	**Company**	**Examination**	**Increase or (Decrease)**
Ledger Assets:			
Cash on Deposit	$480,000.00	$570,197.53	$ 90,197.53
Money Market and Business Interest Acct.	90,197.53	0	(90,197.53)
Non-Ledger Assets:			
Interest Due and Accrued on Bonds	0	325.00	325.00
Interest Due & Accrued on Cash on Deposit	6,511.54	6,129.54	(382.00)
Non-Admitted Assets:			
Non-Admitted Common Stocks	0	84,282.49	(84,282.49)
Liabilities:			
Unpaid Losses	14,000.00	15,500.00	(1,500.00)
Unpaid General Expenses	0	132.46	(132.46)
Snow removal/telephone bill	79.46	0	79.46
Net Change			($85,892.49)

CONCLUSION

The financial condition of Griggs Nelson Mutual Insurance Company, McVille, North Dakota, as determined by this examination is summarized as follows:

TOTAL ADMITTED ASSETS		$836,911.37
Liabilities	$296,800.77	
Surplus to Policyholders	540,110.60	
TOTAL LIABILITIES AND SURPLUS		$836,911.37

During the six-year period under examination, admitted assets increased by $253,822.32, liabilities increased by $71,764.87, and surplus to policyholders increased by $182,057.45.

The Examiner expresses his appreciation for the courteous cooperation extended him during the course of this examination.

Respectfully submitted,

David Weiss, CFE
Examiner
N.D. Insurance Department

COMMENTS AND RECOMMENDATIONS

It is recommended that the Company amend the reinsurance agreement with Grinnell Mutual Reinsurance Company to include an “entire contract” clause.

It is recommended that the Company complete the par value and NAIC designation column in subsequent annual statements as required by the *Instruction Manual for N.D. County Mutual Insurance Companies.* It is also recommended that the Company compute accrued interest on bonds and include that amount in its annual statement as a non-ledger asset.

It is recommended that the Company develop a plan to bring its investments into compliance with the 3% limitation for a single issue of common stock.

It is recommended that the Company report funds in the money market savings account and business interest account as “Cash on Deposit” on line 6 of page 3 rather than as write-in items.

It is recommended that the Company report policy and billing fees as Gross Premium Written on line 1 of page 2 rather than as write-in income items.

It is recommended that the Company report unpaid general expenses on line 37 of page 3 rather reporting those unpaid expenses as a write-in liability.